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Sales of Live Local Chicken Resume while Ban on Imports Continues

Report Categories:

Agriculture in the News

Poultry and Products

Sanitary/Phytosanitary/Food Safety

Approved By:

Erich Kuss

Prepared By:

Caroline Yuen

Report Highlights:

Sales of live local chicken resumed on February 19 after being suspended for 21 days as a result of the detection of H7 flu virus in live chicken samples drawn from a shipment of imports from China in late January. However, the ban on live chicken imports from China will continue for four months because the Hong Kong government (HKG) has decided to hold future imported live poultry at a site before avian influenza test results are available and this site is yet to be identified and installed with facilities. This measure is to prevent imported supplies to get mixed with local chickens at the only wholesale market before the former is confirmed free of avian influenza virus. The HKG expects to take four months to have the site identified and prepared for full operation. Meanwhile, the importation of chilled chicken and day-old chicks to Hong Kong is not affected by this extended 4-month ban.

General Information:

In late January 2014, a number of samples from a batch of live chicken imported from China were confirmed H7 positive. As the imported chicken had already been transported to the only wholesale market in Hong Kong before the test results were available, the Hong Kong government ordered the culling of all live chickens amounting to 20,000 head in the wholesale market and closed the market for 21 days as it was declared as an infected area. As a result of the closure of the only wholesale market in Hong Kong, local farms could not sell their products and all live chicken trade was suspended. (The HKG does not allow the direct distribution of live chickens from farms to retail outlets and catering industries as an avian influenza risk mitigation measure.)

The government will compensate HK\$30 (US\$3.85) for each culled chicken. In addition, breeders will also be given about HK\$30 (US\$3.85) for each chicken which are ready for the market. It is estimated that the HKG will spend about HK\$17.7 million (US\$2.28 million) as compensation.

Despite all this compensation, the industry was dissatisfied that all live chicken businesses were suspended when local supplies were not found with the avian influenza (AI) virus. They voiced their disappointment that the entire ban on live chicken trade could have been avoided if there was a separate site for holding imported chickens while AI test results were awaited. Following the culling of the chickens in the wholesale market in January, the industry renewed their urge to provide such a site for holding imported chickens.

The government responded to their request this time. The HKG reopened the wholesale market on February 19 resuming the sales of local supplies. However, the ban on imports of live chickens from China will continue for another four months. The HKG explained that they are looking for a suitable site for holding imported chickens, which will no longer be mixed with local supplies before they are confirmed to be free of AI virus. The whole exercise including the installation of facilities will take four months.

Market Reaction:

It was estimated that about 600,000 chickens have been stocked up in farms after three weeks of trade suspension and the high stock should put pressure on prices. However, the news that the ban on live chicken supplies from China will be expanded for four months has boosted the market price. The wholesale price of live chicken on the first day of market resumption was as high as HK\$23/catty (US\$4.90/kg), about 60 percent over the pre-banned average price of HK\$14/catty (US\$3/kg).

Hong Kong currently has a daily supply of chicken around 18,000 heads, 12,000 of which come from local farms and the rest from registered farms in China.

Over a decade ago, the daily supplies of live chicken amounted to over 100,000 heads and imports from China accounted for over 70 percent. To reduce the risk of AI outbreak, starting early 2000s, the HKG adopted administrative measures to reduce the number of live chicken supplies and started to allow the imports of chilled whole chickens from China as substitutes. The table below shows the gradual shift of

consumption pattern.

Table: Hong Kong's Live Chicken Imports from China vs Chilled Whole Chicken Imports

Year	Live Chicken Imports from China (number)	Chilled whole chicken imports from China (MT)
2002	27,106,647	589
2003	23,763,381	6,288
2004	9,302,874	22,686
2005	10,514,575	34,305
2006	7,074,050	40,164
2007	6,299,974	33,370
2008	4,169,320	29,224
2009	1,923,200	44,407
2010	2,022,670	47,959
2011	2,447,610	42,304
2012	2,068,510	37,846
2013	2,003,090	37,462

Source : Hong Kong Census and Statistics Department